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MAY 17 2005

Department of Water Resources

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**BEFORE THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF IDAHO**

IN THE MATTER OF DISTRIBUTION)
OF WATER TO VARIOUS WATER)
RIGHTS HELD BY OR FOR THE)
BENEFIT OF A & B IRRIGATION)
DISTRICT, AMERICAN FALLS)
RESERVOIR DISTRICT #2, BURLEY)
IRRIGATION DISTRICT, MILNER)
IRRIGATION DISTRICT, MINIDOKA)
IRRIGATION DISTRICT, NORTH SIDE)
CANAL COMPANY, and TWIN FALLS)
CANAL COMPANY)
_____)

**IDAHO POWER COMPANY'S
PETITION FOR HEARING ON
MAY 2, 2005, AMENDED
ORDER AND REQUEST FOR
INDEPENDENT HEARING
OFFICER**

Idaho Power Company ("Idaho Power"), by and through its counsel, respectively submits this Petition for a Hearing on the Amended Order issued by the Director of the Idaho Department of Water Resources, Karl Dreher, on May 2, 2005 (the "May 2nd Order"), in accordance with Idaho Code § 42-1701A(3), and Idaho Department of Water Resources, Procedure Rule

740.02.b. IDAPA 37.01.01.740.02.b. Idaho Power also hereby requests appointment of an independent hearing office in accordance with Idaho Code § 42-1701A(2).

I. INTRODUCTION

Idaho Power holds water rights, contract rights and entitlements to water stored in, and released from, storage projects owned and operated by the United States through the United States Bureau of Reclamation ("USBR"). In the May 2nd Order, the Director recognized that similar rights held by the Surface Water Coalition allow the Coalition to assert rights to storage water in USBR facilities. The May 2nd Order finds that these USBR storage rights resolve standing issues for persons or entities that hold storage rights in USBR. Since Idaho Power is similarly situated, Idaho Power is an aggrieved party with standing to petition for a hearing on the May 2nd Order.

The May 2nd Order does not sufficiently address the harm to senior water rights caused by out of priority diversions under junior rights to ground water in the Eastern Snake Plain Aquifer ("ESPA"). The shortfalls in reach gains to the Snake River and severely reduced storage in USBR facilities caused by groundwater pumping will harm Idaho Power water and contract rights. The May 2nd Order does not require sufficient curtailment or mitigation water to address Idaho Power's injuries, and does not provide for sufficient enforcement, and Idaho Power is therefore an aggrieved party entitled to request a hearing.

II. ARGUMENT

A. Idaho Power Has Standing and is an Aggrieved Party

In order to initiate a contested hearing on an order issued by the Director, an aggrieved party must file a written petition stating the grounds for contesting the action by the Director and requesting a hearing. Idaho Code § 42-1701A(3); IDAPA 37.01.01.740. The form and content

of the petition is provided by Idaho Department of Water Resources, Procedure Rule 230.

IDAPA 37.01.01.230.

Idaho Power is an aggrieved party in this action because it holds water rights, contract rights and entitlements to water at American Falls Reservoir. As recognized by the Director in the May 2nd Order, these rights and entitlements confer standing on Idaho Power. Since the May 2nd Order does not sufficiently remedy harm to these rights, Idaho Power is an aggrieved party and seeks a hearing to challenge the May 2nd Order.

1. May 2nd Order on Standing

In regards to the USBR storage rights and the standing of members of the Surface Water Coalition, the May 2nd Order specifically provides:

According to the Letter, members of the Surface Water Coalition hold entitlements to water in storage projects owned and operated by the United States through the USBR. While legal title to the water in those projects is held by the United States through the USBR, the SRBA District Court has recognized that delivery organizations, such as the members of the Surface Water Coalition, have beneficial or equitable title to storage water described in their contracts with the USBR. *Final Order on Cross-Motions for Summary Judgment*, Consolidated Subcase 91-63 (SRBA Dist. Ct., Idaho, January 7, 2005)(*appeal filed*). Therefore, the Surface Water Coalition has standing to assert rights to storage water in USBR reservoirs on the Snake River upstream of Milner Dam. Moreover, any concern regarding the standing of the members of the Coalition are resolved by the intervention of the USBR in this proceeding.

May 2nd Order, Conclusions of Law, Paragraph 15, Page 34.

In the Order of April 6, 2005, the Director granted USBR's Petition to Intervene based on the fact that the USBR is the holder of "water rights directly at issue in this proceeding." The water rights claimed by USBR which are directly at issue in this proceeding are identified in Paragraphs 51 and 52 of the Order of February 14, 2005. Those water rights include the following: (1) Water Right No. 01-02064, for storage of 1.8 Million Acre Feet at American Falls

Reservoir; and (2) Water Right No. 01-04052, for storage of 115,000 AF at American Falls Reservoir. The USBR claims filed in the Snake River Basin Adjudication recognize power generation for both Water Rights Nos. 01-02064 and 01-04052.

2. Idaho Power Company Water Rights at American Falls Reservoir

Idaho Power has a contract right and entitlement for delivery of a portion of Water Rights Nos. 01-02064 and 01-04052, pursuant to a June 15, 1923, agreement with the United States. U.S. Contract I1r – 733, attached as EXHIBIT A. The 1923 American Falls contract entitles Idaho Power to the use of 45,000 acre-feet of primary storage capacity and 255,000 acre-feet of secondary storage capacity in American Falls Reservoir, for delivery to Idaho Power facilities in the Snake River both above and below Milner. Additionally, Idaho Power has water rights that rely upon the contract and water entitlements held by Idaho Power in the American Falls Reservoir. These water rights and claims to water rights include¹:

<u>Water Right #/Basis</u>	<u>Source</u>	<u>Priority</u>	<u>Amount</u>	<u>Use</u>
01-02017 – L	Snake River	09/03/1908	1400 cfs	Power
01-02032 – L	Snake River	03/08/1919	4600 cfs	Power
01-02046 - L	Snake River	10/15/1926	2000 cfs	Power
01-07128 - App	Snake River	10/23/1996	7850 cfs	Power
01-10382 – B/U	Snake River	07/15/1901	6000 cfs	Power
01-10383 – B/U	Snake River	08/01/1901	2000 cfs	Power
01-10384 – B/U	Snake River	01/01/1929	136 cfs	Power

¹ SRBA claims have been filed for all of these water rights. Copies of the SRBA Filings are attached as EXHIBIT B. At the time several of the claims were filed, Idaho Power referenced the interplay between its water rights, the USBR development of the American Falls Reservoir, and the contracts pertaining to that development. See: Letter to Karl Dreher, 10/23/96, attached as EXHIBIT C. [In the above chart L – license; App – application/ B/U – beneficial use claim.]

Furthermore, the USBR, by virtue of the 1923 contract, Exhibit A, holds several of Idaho Power's water rights in trust for use by the Company. Prior to the construction of the American Falls Dam and Reservoir by the USBR, Idaho Power owned and operated three power plants at American Falls – the West Side, Island and East Side plants and was contemplating the enlargement of its generation facilities at American Falls. In preparation for this enlargement, in 1921 Idaho Power filed an application to appropriate an additional 1200 cfs for power purposes (Permit # 15201/01-2041), along with an application for a permit to store 300,000 acre/feet of water at the American Falls site (Permit # R-273/01-2065). These permits, together with other of Idaho Power's water rights and property interests, were the subject of the 1923 contract with the USBR that led to the development of American Falls Dam and Reservoir.

Subsequent to the development of American Falls Reservoir by the USBR, IDWR, on October 1, 1970, ordered Idaho Power to show cause why permit numbers 15201/01-2041 and R-273/01-2065 should not be cancelled. Idaho Power filed an answer to the Show Cause Order on December 1, 1970, submitting that based upon the 1923 contract and the circumstances surrounding the development of the American Falls site that all of the rights of Idaho Power under the referenced permits had been merged into water rights granted to the USBR, and the USBR therefore held the referenced permits as trustee for Idaho Power. In a Memorandum Decision, issued April 21, 1971, IDWR Director Keith Higginson found:

After reviewing the files of the Department and the answer of the Idaho Power Company, the Director finds that the rights established by the Idaho Power Company, by reason of Permit Nos. 01-2041 and 01-2065, *have been merged with rights granted the United States of America and that by reason of contracts and agreements entered into between the Company and the United States of America, Bureau of Reclamation, those rights are held in trust for use by the Company under the water rights of the United States at American Falls Reservoir.*

The Director further finds that since *the Company's rights to water at American Falls Dam and Reservoir are already covered by reason of licenses issued to the United States of America, under Permit Nos. R-269 and 4168 and contracts between the Company and the United States of America*, that Permit Nos. 01-2041 and 01-2065 are duplicate and should be canceled.

In the Matter of Permit Nos. 01-2041 and 01-2065 in the name of Idaho Power Company,
Memorandum Decision, dated April 21, 1971; attached as EXHIBIT D.²

IDWR has not historically considered Idaho Power's rights at American Falls independent of USBR's claims in the Snake River Basin Adjudication. If IDWR is correct in this interpretation, which Idaho Power does not concede, under the 1923 contract and IDWR's 1971 decision Idaho Power still has retained beneficial or equitable title to the 45,000 acre foot primary, and 255,000 acre foot secondary, storage rights at American Falls, which form the basis of this Petition for a Hearing and contest of the May 2nd Order.

The Director's Orders of April 6, 2005; February 14, 2005; and May 2, 2005, recognize that Water Rights Nos. 01-02064 and 01-04052 are directly at issue in this proceeding and confer standing upon parties with an interest in these rights. Idaho Power has an interest in these water rights, and other water rights at American Falls, and is therefore an aggrieved party with standing to file this petition. Depletions to the Snake River caused by ground water withdrawals in the ESPA decrease the amount of water in American Falls Reservoir and in the Snake River below American Falls Reservoir. As a result, ground water depletions jeopardize the ability of the Bureau of Reclamation to fill Idaho Power's primary 45,000 acre-foot storage right, and also the ability of the Bureau of Reclamation to deliver Idaho Power's secondary 255,000 acre-foot right, by causing the Bureau to release more water to make up for losses occasioned by ground water

² Water Right No. 01-02064 was previously Permit No. R-269.

pumping in order to meet its contract obligations to Idaho Power. By releasing more water, the Bureau's ability to assure the fill of American Falls Reservoir is jeopardized.

The errors made by the Director in his May 2nd Order, summarized below and which may be revealed in discovery, injure the rights of Idaho Power by perpetuating, and failing to fully compensate for, the out of priority depletions caused by junior ground water withdrawals to American Falls Reservoir and the Snake River. Idaho Power has a direct interest in the administration sought by the Surface Water Coalition, by virtue of its interest in the water rights subject to this matter, and also due to its interest in assuring that adequate administration of water rights occurs in the Snake River.

B. Grounds for Contesting the Action

The State's various modeling scenarios demonstrate that the ESPA is hydraulically connected to the Snake River, and that junior pumpers have a depletionary effect on the surface water resources of the Snake River by decreasing reach gains and increasing reach losses.³ Though Idaho Power does not concede the sufficiency and accuracy of the modeling, the results produced to date demonstrate that curtailment of junior pumpers will have a positive effect on reach gains throughout the Snake River.⁴ In short, the results of the various modeling scenarios demonstrate what IDWR has stated publicly and determined in numerous other contexts: the Snake River and hydraulically connected ESPA are over-appropriated.

However, the May 2nd Order does not sufficiently account for the injuries associated with the junior ground water pumping, and instead attempts to minimize the claim of senior water rights, reduce the ability of senior water rights to call out juniors, question the legitimacy of the

³ Snake River Aquifer Model Scenario: *Hydrologic Effects of Continued 1980-2002 Water Supply and Use Conditions*, "Base Case Scenario," November 2004, Cosgrove, Contor, Wylie, Rinehart, and Johnson, Page 4.

⁴ Id.

calls and claims for relief and provide the minimum curtailment and mitigation possible under all of the circumstances considered. Specific to Idaho Power's water rights, groundwater withdrawals are depleting the river above Milner with a significant impact on Idaho Power's water rights at American Falls. The May 2nd Order does not sufficiently curtail juniors or require adequate mitigation water to address the injuries to Idaho Power.

In addition, Idaho Power intends to challenge the May 2nd Order on questions of law and fact, including but not limited to the following issues:

1. The May 2nd Order violates the principles of prior appropriation set forth in Idaho law.
2. The Director erred in limiting the calling rights of seniors by applying factors such as historical use, recent drought conditions, recent climate conditions, future predictions of drought and climate conditions, storage levels and crop yields.
3. The Director erred in limiting the calling rights of seniors to any amount less than the adjudicated, permitted, or licensed amount when the seniors have neither requested a change of water rights nor put their historic use at issue.
4. Upon information and belief, the Director erred in relying on the computer model because it is not sufficiently complete, accurate and reliable to conjunctively administer water rights in the Snake River and the Eastern Snake Plains Aquifer. Without limiting the scope of discovery at the hearing, or at the hearing in this matter, Idaho Power shall be entitled to determine through discovery or otherwise whether the IDWR's computer model is sufficiently and adequately calibrated, and whether the calibration was conducted appropriately. Idaho Power shall be entitled to determine through discovery or otherwise whether the hydrogeologic basis for the IDWR's computer model, such as the direction and location of the movement of groundwater, and the assumptions used in developing and utilizing the model, such as transmissivity, are accurate and appropriate. Finally, Idaho Power shall be entitled to ascertain the basis and assumptions by the Director in using the model as the basis for the findings in the May 2nd Order.
5. Upon information and belief, based on the inaccuracies in and unreliability of the model, the Director erred in relying on the model to make various assumptions and findings in the May 2nd Order, such as that the ESPA is in an equilibrium condition, or the Director's assumption of a 10% error, or that that conditions from 1980-2001 repeat themselves. The Director erred in the use of the model and the assumptions and findings made from the model runs, and as a result reached incorrect, incomplete and erroneous conclusions upon which the May 2nd Order is based. Idaho Power shall be entitled to determine through discovery or otherwise the basis for and use of the model by the Director in developing the May 2nd Order.

6. The Director erred in attempting to conjunctively administer the Snake River and Eastern Snake Plains aquifer water rights because "reasonably likely" predictions of material injury, water supply, and water shortages are insufficient to support administration.
7. The Director erred in requiring senior water rights holders to draw down reservoir reserves and maintain carryover storage sufficient only to provide supplies of water for senior water rights through 2006, with no planning beyond a two year timeframe and no consideration of the effect of such a requirement on other rights on the Snake River.
8. The Director erred by failing to require sufficient curtailment or mitigation to prevent harm to senior water rights.
9. The Director denied procedural due process to parties wishing to participate in these proceedings.
10. The Director erred in repeatedly using the undefined term "significant" throughout the May 2nd Order, because that term has no apparent statistical import and no definition in Idaho law.
11. The Director erred in modeling impacts to the Snake River relying on a 1928 data set because there is significant pre-1928 data that could give a complete historical set of data for the Snake River and the Eastern Snake Plains Aquifer.
12. The Director erred in determining that the ESPA is in equilibrium.
13. The Director erred by relying on the model to administer the Snake River and ESPA because the model does not account for impacts above the Blackfoot Reach.
14. The Director erred in accounting for a "paper fill" rather than an actual fill when calculating injury to water available for diversion to storage at American Falls. May 2nd Order, Paragraph 83, page 18.
15. The Director erred in applying a definition of the term "material injury" throughout the May 2nd Order that does not comport with the law of the State of Idaho.
16. The Director erred in selecting 1995 as a model base year of full supply because climatic and other water use conditions made 1995 a unique year. The Director had no scientific or statistical basis to use 1995 as a model full supply year.
17. The Director erred in defining "full supply" because the Director's definition erroneously includes withdrawals from storage.
18. The Director erred in relying on snow pack conditions to predict water supply when there is a proven statistical variability between predicted water supply and measured snow pack.
19. The Director's statements regarding variability at the Heise Gage in Paragraph 101 of the May 2nd Order, page 22, are in error since the amount of unregulated divertible flow at

the Heise Gage may have been variable due to consumptive use and demand of ground water users.

20. The Director erred in calculating divertible natural flow in Paragraph 104 of the May 2nd Order, page 22, and attachments J through P, because the Director accepted one standard deviation below the trend line for the correlation between Heise flows and natural flow diversions with no explanation of the statistical support for this determination, and because actual conditions compared to predicted conditions may make the Director's injury predictions three times short of the actual injury.
21. The Director erred in determining evaporation losses in Paragraph 105 of the May 2nd Order, page 23, because there is no apparent basis for these calculations and the Director assigned zero values to Grassy Lake and Ririe Reservoirs.
22. The Director erred in relying on the IDWR accounting program for storage because the IDWR storage accounting program only accounts for one-year with no allowance for carry-over. See Paragraph 106, May 2nd Order, pages 23-24.
23. The Director erred in predicting shortages of 27,700 acre feet because all of the districts are expected to use all of their carryover storage in order to minimize the predicted injury. See Paragraphs 116 and 120, May 2nd Order, pages 25-26.
24. The Director erred in determining "reasonable" carryover storage because there is no apparent legal or scientific basis for this determination. See Paragraph 119, May 2nd Order, page 26.
25. The Director erred in using the undefined term "over time" because the apparent intent of the finding is to demonstrate that injury will be remedied in a specific time period. See Paragraph 124, May 2nd Order, page 28.
26. The Director erred in providing means for junior ground water users to provide replacement water, without any legal authority to do so. This matter is a call for water by senior water users. The Director's authority in this matter is limited to enforcing the call or denying the call. If junior water users wish to submit a mitigation plan in accordance with IDWR rules, they may do so, but that is a wholly separate proceeding.
27. To the extent replacement water is allowable, the Director erred in not requiring all replacement water to be provided in 2005, and in not providing for any enforcement, penalty or accounting for the failure to provide adequate replacement water. The May 2nd Order simply allows junior water users to accrue out of priority depletions until storage space fills.
28. To the extent replacement water is allowable, the Director erred in not requiring replacement water to be provided to calling rights at the time, place and in the quantity of need. The replacement allowances fail to satisfy injury to senior rights.

Idaho Power incorporates by reference the grounds for protest as may be submitted by the Surface Water Coalition and the Bureau of Reclamation. Idaho Power also expressly reserves the right to raise additional issues as they come to light during discovery and the hearing process.

C. Request for Independent Hearing Officer

In addition to the above, Idaho Power respectfully requests that the Director appoint an independent hearing officer in this matter. Idaho Code § 42-1701A(2) allows the Director, in his discretion, to appoint a hearing officer. Rule 410 of the IDWR Rules of Procedure also call for an independent hearing officer, other than the agency head, to hear contested cases. IDAPA 37.01.01.410.

In this matter, an independent hearing officer should be appointed to hear the contested case and review the May 2nd Order because it would be inappropriate for the Director to preside over an administrative matter contesting his own order. Further, the Director has apparently taken part in the IDWR factual investigations that informed the May 2nd Order. In that regard, the Director may be a fact witness in the hearing process to determine how the factual investigations were conducted and what information was gathered. The Director has also been a participant in past settlement negotiations, and has had direct contact and communications with the parties to these matters that could potentially bias his involvement in an administrative hearing contesting the May 2nd Order. The Director has also been involved in the supervision and calibration of the model, and for that reason may be called as a fact witness. For all of these reasons, an independent hearing officer should be appointed to conduct a hearing on the May 2nd Order.

D. Standard of Review at Requested Hearing

The hearing requested by Idaho Power, if granted, will be the first formal hearing before

an independent hearing officer in this matter. Since there is no administrative record at this time, Idaho Power is not requesting a review of the May 2nd Order; rather, Idaho Power seeks the opportunity to present evidence, develop the record, and obtain a *de novo* review of the Surface Water Coalition call. In that regard, an independent hearing officer is not bound by the determinations of the Director; instead, the independent hearing officer will be considering the matter on a fully developed factual and legal record for the first time, and must make a determination based on all of the evidence presented at the hearing.

E. Burden of Proof

In the May 2nd Order, and in previous interim orders from the Director, the Director contorts the burden of proof to remove any obligation on the part of the junior ground water pumpers to demonstrate that they are not causing injury to senior water rights. In the May 2nd Order, and other order, the Director improperly shifted the burden of proof to the senior water rights holders to demonstrate that injury to their water rights is material, that their claims should not be reduced, that they have made full beneficial use of their claimed diversions, or that they should receive their full amount of permitted, decreed and adjudicated claims.

Contrary to the erroneous findings of the Director, senior water rights holders are entitled to the full amount of their permitted, decreed and adjudicated claims. Idaho Power, and other senior water rights holders, have made a *prima facie* showing that senior water rights are receiving less than their permitted, decreed and adjudicated claims for water, and senior water rights holders are not required to do more than make this *prima facie* showing.

At the requested hearing, the junior ground water pumpers must have the burden of proof in demonstrating that their diversions are not causing harm to senior water rights. The burden of proof is on the junior water rights holders to demonstrate that the injury to senior water rights

holders is not material, that a call is futile, that the seniors' claims should be reduced or, for any other reason, a senior should not receive the full permitted, decreed, and adjudicated amount of the claimed water right.

III. CONCLUSION

Idaho Power is an aggrieved party with standing to contest the May 2nd Order. The May 2nd Order is insufficient to protect senior water rights holders. Accordingly, Idaho Power respectfully requests a hearing to contest the actions of the Director before an independent hearing officer as provided by Idaho Code § 42-1701A.

WHEREFORE, Idaho Power respectfully requests a hearing on the May 2nd Order before an independent hearing officer.

DATED this 17th day of May 2005.

IDAHO POWER COMPANY

By: 

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CERTIFICATE OF MAILING

I hereby certify that on this 17th day of May, 2005, I served a copy of **IDAHO POWER COMPANY'S PETITION FOR HEARING ON MAY 2, 2005, AMENDED ORDER AND REQUEST FOR INDEPENDENT HEARING**, by depositing same in the United States mail, postage prepaid, in an envelope, addressed to the following:

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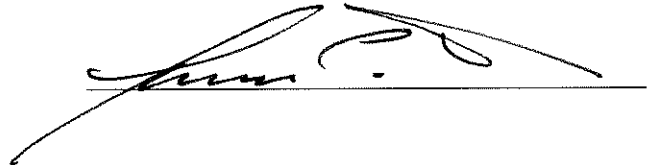
A handwritten signature in black ink, appearing to read "Sara A. Klahn", is written over a horizontal line.

EXHIBIT A

Symbol Ilr-733

C O N T R A C T

Between the United States and the Idaho Power Company,
Relative to Power Rights at American Falls, Idaho.

Dated June 15, 1923.

DEPARTMENT OF THE INTERIOR
UNITED STATES RECLAMATION SERVICE
MINIDOKA IRRIGATION PROJECT.

Contract between the United States and Idaho Power Company relative to
power rights at American Falls, Idaho.

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Symbol Ilr-733

1. THIS AGREEMENT, Made this 15th day of June, 1923 in
2. pursuance of the Act of Congress of June 17, 1902, (32 Stat.,
3. 389) and acts amendatory thereof or supplementary thereto,
4. between THE UNITED STATES OF AMERICA, hereinafter styled the
5. United States, acting for this purpose by Hubert Work
6. Secretary of the Interior, and the IDAHO POWER COMPANY, a
7. corporation organized under the laws of the State of Maine
8. and authorized to do business in the State of Idaho, and
9. having its principal place of business at Boise, Idaho.
10. hereinafter styled the company, its successors and
11. assigns.

2. Purpose and Plans of United States.

12. WHEREAS, the United States contemplates the con-
13. struction of a large reservoir at American Falls, Idaho, to
14. store the flood water and winter flow of Snake River and
15. make the same available for the reclamation of large areas
16. of public lands of the United States including the North
17. Side Pumping Division of the Minidoka Project and other por-
18. tions of the Snake River Valley, and to supplement the water
19. supply of various projects in the Snake River Valley now
20. having an inadequate or insufficient water supply during
21. part of the irrigation season. And

3. Company Public Service Corporation.

22. WHEREAS, the company is a public service corpor-
23. ation furnishing electricity throughout the Southern por-
24. tion of the State of Idaho for light, heat, and power and
25. irrigation purposes. And

4. Interference with Rights of Company.

26. WHEREAS, said electricity is, to a large extent, gen-
27. erated by the company in hydro-electric plants owned by it
28. and located on the Snake River at American Falls and various
29. points below and the water which it uses and claims for use
30. at American Falls is or would be also used, to a large extent,
31. in its plants located and to be located at points below on
32. the stream, so that the storing by the United States of win-
33. ter flow at American Falls will interfere with certain power
34. and other rights of company at American Falls and points be-
35. low and

5. Use of Property Owned by Company.

36. WHEREAS, a portion of said proposed American Falls dam
37. and reservoir will be located on land owned by the company
38. and the construction and operation of the same will also make
39. necessary the destruction of or interfere with certain gener-
40. ating stations and other property of the company; and

6. Company's Prior Filings at American Falls.

41. WHEREAS the company has at American Falls water filings
42. prior to the American Falls filings of the United States
43. sufficient to embrace the entire amount of water reserved

44. to the company under this contract.

7. Need of United States for Power.

45. AND WHEREAS, the said proposed North Side Pumping
46. Division of the Minidoka Project of the United States is a
47. pumping project and the United States will require in con-
48. nection with the said project a large power plant for the
49. development of a large amount of electric power for pump-
50. ing water upon the lands of the said project.

8. Mutual Covenants.

51. NOW, THEREFORE, WITNESSETH: That for and in con-
52. sideration of the covenants and agreements of the par-
53. ties herein, upon the conditions herein named, the par-
54. ties covenant and agree:

9. Property to be Conveyed to United States.

55. The Company hereby agrees, upon the terms and condi-
56. tions hereinafter stipulated, to sell and by good and
57. sufficient deed convey to the United States of America,
58. free of tax liens and of liens or incumbrances created,
59. granted or imposed by itself or its public utility pred-
60. ecessors, all its right, title and interest in and to the
61. following described real estate, situated in the counties
62. of Power and Bingham, State of Idaho, to-wit: (a) The prop-
63. erty described in the list of land descriptions hereto
64. attached as Exhibit "A" and made a part of this contract;
65. and any other real property owned by the company, if any
66. such there be, under the proposed dam or reservoir to be

67. constructed by the United States in connection with the
68. American Falls Reservoir project; the said proposed dam
69. to be located and constructed upstream from the company's
70. American Falls Dam as now constructed and north of the
71. right of way of the Oregon Short Line Railroad Company's
72. bridge property as now located at American Falls; the ti-
73. tle to be conveyed to the United States in all cases to be
74. as full and complete as title as the company has, Provided,
75. however, that to the extent hereinafter expressly provided
76. and to no greater extent than hereinafter expressly
77. provided, and subject to all the terms, conditions and
78. provisions hereinafter set out, the Company shall have and
79. there is reserved to the Company, the right to store the
80. water which it is to receive from the Proposed American Falls
81. Reservoir, upon that part of the property and rights describ-
82. ed in Paragraph 9, located within the reservoir, and agreed
83. to be conveyed by the Company to the United States insofar
84. as such reservation to the Company does not conflict with any
85. of the rights hereinafter granted or agreed to be allowed to
86. the United States or any of the limitations or restrictions
87. hereinafter agreed to be placed upon the rights of the Company.
88. (b) The two power plants at American Falls known as
89. the Island Power plant and the West Side plant, except as to
90. the water rights otherwise provided for in this contract to-
91. gether with the following described tracts of land on which
92. said plants are located, to-wit:

93. The following described parcel of land situated in
94. Lot 5 Sec. 31, T. 7 S., R. 31 E., B. M., beginning at a
95. point on the low-water line, on the West bank of Snake
96. River where the continuation (in a straight line) of
97. the North boundary line of lot five of section thirty-one
98. Township seven south of Range thirty-one east of Boise
99. Meridian, would intersect the said low-water line on the
100. West bank of Snake River; thence west along said north
101. boundary line of said lot five for a distance of 211.5 feet
102. to a stake on the south boundary line of the right of way
103. of the Oregon Short Line Railroad; thence westerly along
104. the south boundary line of said right of way, for a distance
105. of 270 feet to a stake; thence South $43^{\circ} 14'$ East for a
106. distance of 386 feet; thence due East to the intersection
107. of the low-water line on the west bank of Snake River;
108. thence along the low-water line on the said west bank of
109. said Snake River, following the meandering thereof, to the
110. point of beginning, containing about two acres, more or less
111. reserving to the Company from said property in said lot five,
112. rights of way and easements for occupancy and use by the
113. Company for the purpose of erecting, operating and maintaining
114. electric transmission lines, and structures and equipment
115. appurtenant thereto for substation, sectionalizing and switch-
116. ing purposes, said rights of way and easements, including
117. the right of ingress and egress over the property of the
118. United States, to be located as mutually agreeable to the

119. United States and the Company.

120. Also the following described piece or parcel of
121. land situated in Lot 12 of Section Thirty (30) Town-
122. ship Seven (7) South, Range Thirty-one (31) East of the
123. Boise Meridian, commencing at a point on the west bank
124. of the Snake River where the easterly boundary line of the
125. right of way of the Oregon Short Line Railroad Company
126. intersects the said bank of Snake River; thence running
127. along the bank of said Snake River in a southerly direction
128. for a distance of eighty feet; thence in a straight line in
129. a westerly direction to the intersection of the east bound-
130. ary line of said railroad company's right of way one hundred
131. and seventy-five feet; and thence along the easterly bound-
132. ary line of said railroad right of way to the place of be-
133. ginning.

134. Also the following described tract of land lying in
135. the river channel of Snake River between Lots 4 and 12, of
136. Section 30, T. 7 S., R. 31 E., B.M. Beginning at a point
137. where the South boundary of Lot 14, Block 20 of the Original
138. Townsite of American Falls intersects the west boundary of
139. Lot 4 Sec. 30, T. 7 S. R. 31 E., B.M., thence in a northerly
140. direction along said west boundary of Lot 4 to the northwest
141. corner of said Lot 4, thence in a straight line across the
142. channel of Snake River to the north east corner of Lot 12,
143. Sec. 30, T. 7 S., R. 31 E., B.M., thence in a southerly

144. direction along the east boundary of said Lot 12 to the
145. southeast corner of said Lot 12; thence in an easterly di-
146. rection along the south boundary of said Sec. 30 to a point
147. where a due north and south line, through a point 25 feet
148. due east from the southeast corner of what is known as the
149. Island Plant power house belonging to the Company, intersects
150. the south boundary of said Sec. 30; thence due north to the
151. center line of the Oregon Short Line Railroad as now located;
152. thence in a straight line in a north-westerly direction to
153. the point of intersection of the east toe of the intake to
154. the said Island Plant with the downstream toe of the company's
155. American Falls dam; thence along the toe of the east face of
156. the east pier or abutment wall of the headworks of said Island
157. plant to the upstream toe of the company's said American Falls
158. dam; thence southeasterly along the upstream toe of that por-
159. tion of the company's said American Falls dam which the com-
160. pany will retain to the easterly toe of the division dam to be
161. constructed by the United States between the westerly end of
162. that portion of the company's dam which the company will retain
163. and the government's proposed American Falls reservoir dam (re-
164. ferred to in Paragraph 15 of this agreement): thence in a straight
165. line in an easterly direction to the point of beginning, and
166. all rights of the Company in the tailrace from said Island and
167. West Side plants; and the United States shall have and there
168. is granted to the United States the right of ingress and egress

169. for pedestrian traffic over the Company's wood-steel
170. bridge leading from the east bank of Snake River to the
171. said Island Plant, so long as said bridge may be maintained
172. by the Company, reserving to the Company, and the Company
173. shall have the right and easement of junction, tie, abutment
174. and support of the portion of the Company's American Falls
175. dam to be retained by it to the portion of said dam to be
176. conveyed to the United States and to the headworks of
177. said Island Plant and to said division dam to be constructed
178. by the United States between the portion of the Company's
179. dam to be retained by it and the Government's proposed
180. American Falls reservoir dam; reserving further to the Com-
181. pany the west portion of the Company's dam as described
182. and with the limitations contained in Paragraph 9 (c), and
183. reserving further to the Company and the Company shall have
184. the right and easement of junction, tie, abutment and sup-
185. port of the Company's said wood-steel bridge upon the pro-
186. perty adjacent to said Island Plant; and reserving further
187. to the Company and the Company shall have the rights and
188. easements of flowage and pondage on and over the premises
189. conveyed to the United States under this agreement and lying
190. south of the down stream toe of the Government's proposed
191. American Falls dam and east of said proposed division dam
192. and the headrace or works of said Island Plant for the pur-
193. pose of utilizing the Company's water rights and rights to
194. the use of water; and further reserving to the Company, and

195. the Company shall have the easement and right to waste
196. and discharge such water over said lands lying south of
197. the downstream toe of the Government's proposed American
198. Falls dam and east of said division dam and the head race
199. or works of said Island plant, and through and over the
200. Company's American Falls dam and works and along and against
201. the works and property of the United States. The Company
202. agrees to so maintain and operate the said power plants
203. and other structures to be conveyed to the United States
204. until delivery of possession thereof to the United States
205. that the same will be delivered to the United States in
206. as good condition as they now are, ordinary wear and
207. tear and any damage directly or indirectly caused by
208. the United States excepted. Provided, however, that
209. should the company on account of any extraordinary
210. accident or calamity be unable to deliver such plants in
211. such condition, it shall have the option to deliver them
212. as they then are and shall furnish to the United States
213. free of charge as demanded by the officer of the United
214. States in charge of said American Falls Reservoir the
215. equivalent output of power of such plants minus the amount
216. of power which may actually be developed at these plants
217. by the United States - such power to be delivered on the
218. generator voltage bus of the Island plant and such deliv-
219. ery to terminate on April 1st, 1928. The power developed
220. at said West Side and Island Plants or delivered by the

231. company under this subdivision shall after the delivery

232. of the deeds provided for in subdivision (a) hereof be

233. considered a part of and not in addition to the power

234. right otherwise defined to be in the United States under

235. the terms of this agreement.

236. (c) The property described in Exhibit "B" attached

237. hereto and made a part hereof; and the west portion of

238. the present dam and spillway at American Falls up to and

239. including the intake to the Island plant; reserving, how-

230. ever, to the company all and every of the rights it now

231. has to use, maintain and operate said property in connec-

232. tion with the use, maintenance and operation of its East

233. Side plant, until such time as the United States has con-

234. structed the division dam in accordance with the provisions

235. of Paragraph 15 hereof and has made the provision for the

236. discharge of water into the pool between the government's

237. proposed American Falls reservoir dam and the Company's

238. East Side plant in compliance with the terms of said Para-

239. graph 15, Provided that the United States shall, after

240. making second payment, have the right to demolish such por-

241. tion of the present dam and spillway at American Falls west

242. of the Island plant intake as may be necessary for the con-

243. struction of the proposed government power plant and other

244. works at American Falls, providing that by so doing no in-

245. terference is had with the operation of the Company's East

246. Side Plant.

247. (d) All the company's water rights, appropriations
248. water filings and permits, at American Falls, or used or
249. intended to be used in connection with the company's power
250. plants and proposed plants at American Falls, except the
251. rights, whether primary or tertiary, expressly reserved
252. to the company, as hereinafter set out. The water rights
253. of the company transferred to the United States for use
254. for power purposes shall be considered as impressed with
255. a right in the United States to change the use of such
256. water from power to irrigation or to store the same for
257. irrigation whenever the Secretary of Interior shall decide
258. that such water is required for irrigation purposes. But
259. it is expressly agreed and understood that the water rights
260. and rights to the use of water which it is herein agreed
261. that the Company shall have are reserved out of its exist-
262. ing appropriations and rights as independent rights under
263. its own filings and appropriations and of the dates of prior-
264. ity to which the Company is entitled under such appropria-
265. tions and are not to be considered as mere contract rights
266. under contract with the United States.
267. (e) The right to limit all other rights of the company
268. on Snake River at whatever points and in whatever counties
269. the same may be located insofar as and no farther than the
270. rights allowed and granted to the United States to store
271. and use water as herein provided may interfere with any
272. rights of the company at any lower points on Snake River.

Subj or.
P200. As
to ? other
w/k?

10. Company's Primary Summer Power Right.

Primary
Power
Right
JPL

274. It is agreed and understood that the company reserves
275. and it shall have as against the United States and those
276. claiming or that may hereafter claim under them, the first
277. or primary right at American Falls to use for power purposes
278. at American Falls the following amounts of water during the
279. following periods of each year:
280. 100 second-feet beginning April 1st, increasing uniformly
281. to 2500 second-feet on May 1st, and continuing at that
282. amount to September 15th inclusive, then decreasing uniformly
283. to 100 second-feet on October 31st and none except as here-
284. inafter provided from November 1st to March 31st inclusive.
285. The above described power right so reserved to the com-
286. pany shall be considered as prior and superior to all other
287. rights at American Falls. The company may also have a pri-
288. mary right to use at any time any water brought to American
289. Falls by it from beyond the Snake River water shed, or any
290. stored water acquired by the company from storage capacity
291. hereafter constructed above American Falls provided that it
292. is understood and agreed that the company's right to store
293. water, except water brought by the company from beyond the
294. Snake River watershed, in such capacity above American Falls
295. shall be inferior and subordinate to the right of the United
296. States to provide for building and to fill and use 3,000,000
297. acre-feet of storage capacity, including the capacity of the
298. American Falls Reservoir anywhere on Snake River in addition
299. to the storage capacity now available in Jackson Lake Reser-
300. voir and Lake Walcott.

11. Government's Summer Power Right at American Falls. ✓

301. The United States shall have and the company hereby
302. grants to the United States as against the company a
303. secondary power right at American Falls to that amount
304. of water which will generate continuously for delivery
305. from the generator bus bars in the Government power
306. station at American Falls 6,700 kilowatts beginning
307. on April 1st, increasing uniformly to 25,000 kilowatts
308. on May 1st and to 30,000 kilowatts on June 1st, contin-
309. uing at that amount to August 15th, inclusive, then de-
310. creasing uniformly to 25,000 kilowatts in September 15th,
311. and to 5,500 kilowatts on October 31st, and none from No-
312. vember 1st to March 31st inclusive, except in connection
313. with the 10,000 kilowatts as authorized in Paragraphs
314. 24 and 19 hereof. In no case, however, except as au-
315. thorized by Paragraph 13, shall the water utilized under
316. this power right exceed 1,500 second-feet on April 1st,
317. increasing uniformly to 5,000 second-feet on May 1st,
318. and to 6,000 second-feet on June 1st, continuing at that
319. amount to September 15th inclusive, and decreasing uni-
320. formly to 1,500 second-feet on October 31st. The secondary ✓
321. power right granted to the United States under this paragraph
321a. shall be inferior and subordinate to the primary power right
321b. reserved to the company in paragraph 10 hereof, and shall be
321c. prior and superior to all power rights of the company at Amer-
321d. ican Falls other than the rights reserved under Para. 10 here
321e. and the right to the storage provided in Para. 19. Provided,

Secondary
Power
right
U.S.

322. however, that if the Company, through the refusal, for
323. any reason, of the United States or its successors in
324. control of said reservoir to comply with the terms of
325. this agreement, fails to receive for its own use at its
326. plants at American Falls, unless its right to such water
327. has been taken under the power of eminent domain, the
328. amount of water and at the times and in the manner con-
329. templated by this agreement, it shall have the right to
330. make up such deficiency (during the time of such refusal
331. and no longer) out of the appropriations, water filings,
332. and permits which it now holds, and the amount which the
333. United States shall have the right to store or use out of
334. said appropriations, shall be reduced accordingly. It is ✓
335. agreed and understood that errors or inaccuracies in the
336. release or delivery of water from the reservoir shall not
337. be construed as a refusal by the United States to comply
338. with the terms of this agreement. Nothing contained in
339. this contract shall be construed to make the United States
340. in any way responsible for the delivery of the water to any
341. of the plants of the Company after the same has been re-
342. leased by the United States for the Company from the res-
343. ervoir at American Falls.

12. Company's Additional Summer Power Right. ✓

344. The company reserves and shall have as against the
345. United States a tertiary power right at American Falls to
346. all additional water released or wasted from the reservoir

3rd item,
importance
or value.
← Ipc

347. as released or wasted by the United States from April 1st

348. to October 31st inclusive over and above the amounts re-

349. quired to furnish the primary rights reserved to the com-

350. pany in paragraph 10 hereof, and the secondary right grant-

351. ed to the United States under Paragraph 11 hereof.

352. Should the company fail for five years after a storage ✓

353. capacity of 1,500,000 acre-feet or more has been provided at

354. American Falls, to make provision to utilize all the ter-

355. tiary power provided in Paragraph 12, then the United States

356. shall become entitled as against the company to develop and

357. use any unused portion thereof, but should the United States

358. fail, for a period of three years after becoming vested

359. with the right to develop and use such undeveloped portion ✓

360. of said tertiary power, to make provision to utilize the

361. same then thereafter either party may by making such pro-

362. vision become entitled to utilize such undeveloped portion

363. of said tertiary power right.

13. Substitution of Acre-feet for Second-feet.

364. During the period from April 1st to October 31st in-

365. clusive, either party may take instead of the continuous

366. flow specified above in Paragraphs 10 and 11 an equivalent

367. amount of water each day in varying amounts during various

368. hours of the day, providing the number of acre-feet taken

369. by either party during any one day of twenty-four hours

370. shall not exceed a number double the number of second-feet

371. specified in the above schedules in Paragraphs 10 and 11

372. for such day.

14. Company's Summer Regulation of 5,000 Acre-feet.

373. The company may accumulate from time to time in stor-
374. age capacity that would otherwise be unused in the American
375. Falls reservoir out of the amounts of water to which it is
376. entitled under Paragraph 10, an amount not exceeding 5,000
377. acre-feet, and use the same as desired, except that after the
378. reservoir has been filled in any year, the company shall be
379. entitled under this paragraph only to that part of the 5,000
380. acre-feet accumulated after the filling of the reservoir and
381. subject to the limitation of maximum delivery and gate or
382. outlet capacity herein provided, and provided further that
383. the company shall release upon demand by the United States
384. such portion of the said 5,000 acre-feet as the company may
385. have accumulated whenever the available stored water in the
386. American Falls Reservoir to which the present Minidoka pro-
387. ject and extensions thereof diverting from Lake Walcott are
388. entitled amounts to less than 5,000 acre-feet, and in any
389. event release all claim to any part of said 5,000 acre-feet
390. of accumulated water remaining after September 30th.

15. Outlet Works and Division Dam for Company

391. The United States will provide for the company in the
392. proposed dam to be constructed by the United States discharge
393. works sufficient for a 6,000 second-feet delivery with a
394. loss of head net not to exceed two feet. Such discharge works
395. shall discharge into the pool between the proposed reservoir

396. dam and the company's east side plant and shall be as low
397. as and similar to the outlets connecting with the power
398. plant to be constructed by the United States, and shall be
399. so constructed that the company may and is given the right
400. to attach its penstocks directly thereto and shall be pro-
401. vided with protecting devices similar to those to be pro-
402. vided for the intakes to the proposed Government power
403. plant at American Falls. The United States shall construct
404. and maintain as a part of the American Falls storage dam, a
405. division dam between the westerly and of that portion of the
406. company's American Falls dam which the company will retain,
407. and the Government's proposed American Falls Reservoir dam to
408. an elevation five feet above the present concrete crest of com-
409. pany's dam, and of sufficient strength to retain the water on
410. the easterly side up to the crest of said dam, and provision
411. shall be made whereby the Company shall not be required dur-
412. ing any flood to discharge over that portion of the com-
413. pany's American Falls dam and spillway retained by the
414. company any greater portion of the flood than would have
415. been discharged over that portion retained had said dam
416. and spillway not been changed from its present condition.

Primary
Storage
Right
←

16. Company's Primary Storage Capacity.

417. In part consideration for the rights and property to
418. be conveyed to the United States by the company, and as a
419. part of the cost of the proposed development at American
420. Falls the United States grants to the company and the com-

pany shall be entitled to the perpetual use of 45,000
acre-feet of storage capacity in the reservoir to be con-
structed by the United States, such capacity to be for
storing the water reserved to the company, and the water
referred to in the last sentence of Paragraph 10, the
company's right to such storage capacity to be on an equal
basis in all respects, except as otherwise provided herein,
with other primary storage capacity rights in the reservoir,
as defined in the contracts between the United States and
the Irrigation Companies and Districts cooperating with the
United States in the construction of said reservoir, a form
of which contract is attached hereto and marked Exhibit "C".

17. Operation and Maintenance Charges

For the purpose of determining the operation and main-
tenance charge to be paid by the company, each acre-foot of
secondary storage capacity provided for in Paragraph 18 shall
be considered as the equivalent of 7/20 (seven-twentieths)
of an acre-foot of primary storage capacity and the company
will pay to the United States each year a proportionate part
of the total cost of operation and maintenance of the reser-
voir, and distribution of the waters therefrom to the head
of the ditches and to the power plants of the company di-
verting water from Snake River below said reservoir in the
proportion that 134,250 acre-feet is of the total available
capacity of the reservoir (plus 89,250 acre-feet) the times,
conditions, and manner of billing or stating such charge to

$\frac{7}{20} \times 134,250 = 469,875$
89.2

447. the company and of paying the same to the United States

448. to be the same as provided in the contracts between the

449. United States and the various irrigation companies and dig- *Secondary*

450. tracts cooperating in the construction of said reservoir. *Storage*

18. Company's Secondary Storage Capacity.

451. Between October 1st of any year and June 10th of the

452. following year, the company shall have and is hereby grant-

453. ed for the purpose of regulating and controlling the water

454. reserved to the company under Paragraph 19 hereof, and the

455. water which may be acquired under the last sentence of Par-

456. agraph 10, a secondary right to use not to exceed 255,000

457. acre-feet of storage capacity in the reservoir when such

458. capacity is not then required and not being used by the

459. owners of irrigation rights to the use of such capacity,

460. but shall have no further right to use any part of said

461. 255,000 acre-feet of capacity or any water stored therein

462. after the reservoir is first filled each season, and the

463. company shall in any event release on April 1st of each

464. year all right and claim to such capacity and water stored

465. therein, except 60,000 acre-feet, and shall release all right

466. and claim to the remainder, if any, on June 10th of each year.

19. Company's Reserved Water Right of 300,000 Acre-Feet.

467. It is agreed that in addition to the primary right re-

468. served in Paragraph 10, the company reserves and shall have

469. the right (for power development at American Falls and to

470. such extent as provided in Paragraph 21 hereof for power

471. development at points below Milner) to 300,000 acre-feet

472. of water flowing into the reservoir after October 1st of
473. any year which shall be the first 300,000 acre-feet flow-
474. ing into the reservoir after October 1st and actually
475. storable therein, except that precedence shall be given
476. for the release through the American Falls Reservoir dam
477. to the amount of water, if any, required to supply the
478. amount of power not exceeding 10,000 kilowatts, half-hour
479. peak, needed to supply the power demands and uses on the
480. Minidoka Project and its proposed extensions, and including
481. the town of Minidoka and the territory now supplied by the
482. United States, and the camps, buildings, construction work,
483. dam and adjacent grounds of the United States at American
484. Falls, but not elsewhere in the old or new town of American
485. Falls except that if the company should refuse to extend
486. its lines into the new or government townsite at American
487. Falls and furnish service in such townsite, then the United
488. States may do so. The extension of power lines into the
489. new townsite and furnishing of power to customers therein
490. shall not be construed as waiving any of the rights of
491. either party as to the amount of damage which may be al-
492. lowed the company in condemnation or otherwise for the
493. removal of the old town or otherwise. Nothing in this
494. paragraph contained shall be construed to deny the United
495. States the right to store and use for irrigation purposes
496. the water herein authorized to be used for the generation
497. of said winter power of not exceeding 10,000 kilowatts,

498. half-hour peak, whenever the Secretary of the Interior
499. shall decide that such water is required
500. for irrigation purposes. The expression "10,000 kilowatts,
501. half-hour peak", wherever it occurs in this contract shall
502. be interpreted as meaning that the average for any half-
503. hour interval must not exceed 10,000 kilowatts.

20. Company Right to Primary Storage Water. ✓

504. The water required to fill the 45,000 acre-feet of
505. primary storage capacity allowed the company under Para-
506. graph 16 hereof shall be a part of the 300,000 acre-feet
507. of water reserved to the company under Paragraph 19 hereof,
508. and the company shall have no right to require the turning
509. out for the company of more than 300,000 acre-feet in any one
510. year beginning October 1st in addition to the primary rights
511. set forth in Paragraph 10 and the holdover authorized in
512. this paragraph. The company shall have the privilege of
513. holding after October 1st and until November 15th any water
514. which it may have remaining in its own storage capacity of
515. 45,000 acre-feet, but the company's right shall expire on
516. November 15th to any amount so held over beyond that date.

21. Company's Rights below Milner Dam ✓

517. The company's right to demand the turning out of water
518. from the reservoir for release by and use below Milner Dam
519. shall be limited to the 45,000 acre-feet of primary storage
520. rights, the water referred to in the last sentence of Para-
521. graph 10, and to such portion of the 255,000 acre-feet men-

522. tioned in Paragraph 18 as is needed for beneficial use for
523. power development at Shoshone Falls or Twin Falls but not
524. exceeding the amount that may be necessary to make the
525. total flow at the head of Shoshone Falls:
526. 790 second-feet October 1st to November 30th, incl.
527. 890 " " December 1st to January 31st, "
528. 790 " " February 1st to February 12th, "
529. 690 " " February 13th to April 15th, "
530. 790 " " April 16th to June 10th, "
531. exclusive of any part of the company's said 45,000 acre-feet
532. of primary storage and the water referred to in the last
533. sentence of Paragraph 10.
534. Provided, however, that the amount of water released
535. past Milner for maintaining the flow at Shoshone Falls be-
536. tween October 1st and June 10th inclusive, as listed above,
537. shall be a part of the 255,000 acre-feet of primary storage
538. water which the Company may have stored in its secondary
539. storage capacity in the reservoir, and provided that it re-
540. leases such water from the American Falls Reservoir in such
541. a way that the required flow can be maintained at Shoshone
542. Falls by the utilization of storage capacity in Lake Walcott not
543. to exceed 3,000 acre-feet of storage capacity.
544. Nothing in this paragraph is to be construed as abridg-
545. ing the Company's right to release from the Reservoir and
546. have passed by Milner at any time any part of its 45,000
547. acre-feet of primary stored water stored in its primary
548. storage capacity, or held over as provided for in Paragraph
549. 20.

22. Twin Falls Power Site.

550. Should the company construct a power plant at Twin
551. Falls, then the flow to be maintained below the Milner dam
552. shall be measured and determined at Twin Falls instead
553. of Shoshone Falls and the schedule of flow set out in the
554. foregoing paragraph shall be reduced 100 second-feet for
555. each period, but nothing herein contained shall be construed
556. as waiving any rights of the United States at Twin Falls
557. or any other power site on Snake River, owned or controlled
558. in whole or in part by the United States, or implying that any
559. license, permit or right will be granted the company.

23. Government's Winter Power Rights.

560. In securing the winter power not exceeding half-hour
561. peak of 10,000 kilowatts provided for the United States
562. under paragraph 19 hereof, the United States shall secure
563. at the Minidoka Power plant so much of said power as it is
564. reasonably practicable to secure from the installed machin-
565. ery at said plant without releasing water which otherwise
566. might be held for irrigation, generating at American Falls
567. the balance, if any, of the amount required. Nothing here-
568. in contained shall be construed to prevent the United States
569. from obtaining the ten thousand kilowatts at its American
570. Falls plants when the Minidoka plant is closed or out of oper-
571. ation on account of enlargement, improvement or repairs.

24. Storage Rights of United States and Winter Waste. ✓

572. The United States shall have and the company hereby
573. grants to the United States as against the company the right

574. to store in the American Falls Reservoir for use for
575. irrigation and domestic purposes and for the power use
576. set forth in Paragraph 11 and for the development of an
577. amount of power not exceeding 10,000 kilowatts, half-hour
578. peak, as defined in Paragraph 19, all of the storable
579. water at American Falls not specifically reserved to the
580. company or granted to the company as against the United
581. States. The company reserves and as against the United
582. States shall have the right to use for power purposes at
583. American Falls water released or wasted between November
584. 1st and March 31st, inclusive, in excess of the amount
585. herein specified to be allowed to the United States for
586. power under the foregoing provisions of this contract.
587. The availability of water for waste shall be determined
588. by the U. S. Reclamation Service by assuming a year be-
589. ginning October 1st of 200,000 acre-feet less storable run-
590. off than the lowest year of record at the time of such
591. determination, and such water as under this assumption
592. is not necessary to provide 300,000 acre-feet for the com-
593. pany and to fill existing storage capacity will be consid-
594. ered available for wasting. Until some lower year is ob-
595. served the lowest year of record shall be deemed to have
596. a storable run-off of 1,500,000 acre-feet, including the
597. 300,000 acre-feet reserved to the company. The United
598. States agrees that such water as may be available for
599. waste during the winter shall be released as nearly uni-
600. formly as may be practicable, or in such other manner as

601. to secure its reasonable availability for beneficial use for
602. power development. During the development period, the com-
603. pany shall have the right to use for power purposes, until
604. demanded by the United States, the water granted to the
605. United States for power purposes, but this water shall be
606. available for use by the United States for power purposes,
607. on its demand.

25. Release of Liens.

608. The company shall secure from the trustee, or other per-
609. son or persons having power to release, and shall deliver to
610. the United States a valid release of all the property and
611. rights described in Para. 9 (a) to 9 (e) inclusive, and Para.
612. 34 from the lien of any mortgage, deed of trust or other in-
613. cumbrance created or granted by the company or its public
614. utility predecessors and a release of all tax liens.

26. Abstract.

615. In consideration of the premises, the company further
616. agrees upon receipt of notice that this contract has been
617. signed by the Secretary of the Interior, to furnish promptly
618. at its own expense, an abstract of title which shall later be
619. extended to include any instruments subsequently recorded in
620. connection herewith, and also the record of conveyance made
621. pursuant to this agreement provided that if the company fails
622. or refuses to furnish proper abstract of title within sixty (60)
623. days after notice that this agreement has been signed, or if
624. within such period written request be made by the company.
625. such abstract may be procured by the United States at the
625a. expense of the company and the cost thereof

626. deducted from the purchase price.

27. Payments by the United States.

637. In consideration whereof the United States agrees that
638. it will purchase said property on the terms herein expressed,
639. and upon the signing of the usual Government vouchers there-
640. for and their further approval by the proper Government of-
641. ficials, it will, as full payment for the property, and
642. rights herein agreed to be conveyed to the United States,
643. and for all damages for entry upon the above described prop-
644. erty, and the construction, operation and maintenance of
645. Reclamation works under said act, and for all claims by the
646. company for surveys, examinations, opinions of experts, and
647. expenses of whatsoever kind incurred in connection with the
648. consummation of this contract, in addition to the storage
649. capacity rights herein granted to the company, cause to be
650. paid the sum of one million (\$1,000,000) Dollars in in-
651. stalments as hereinafter provided by United States Treasury
warrant or fiscal officer's check, which sum shall become
due and payable in four equal annual instalments, the first
of which will be due and payable after the furnishing of the
abstract and other evidence of title herein provided and
concurrently with delivery of the deeds to the property des-
cribed in Paragraph 9 (a), and one instalment on the same day
of each year thereafter until the full amount herein spec-
ified has been paid, Provided that concurrently with receiv-
ing said second instalment the company shall deliver to the
United States a deed conveying to the United States all

652. the company's right, title and interest to the West Side
653. and Island plants, other than water rights except as herein
654. otherwise provided and land described in Paragraph 9 (b)
655. and release from tax liens and other liens agreed to be
656. released in Paragraph 25 and concurrently with the receipt
657. of the third instalment, the company shall deliver to the
658. United States the deed and assignment of the properties des-
659. cribed in Paragraph 9 (c), and concurrently with the receipt
660. of the fourth instalment shall deliver the deeds and assign-
661. ments of the remainder of the property and rights herein
662. agreed to be conveyed. Provided that the company may retain
663. the possession and use of all the property herein agreed to
664. to be conveyed or assigned until the first annual instalment
665. has been paid, but that upon the payment of the first annual
666. instalment the United States may take possession of the land
667. needed for the proposed dam and reservoir as described in
668. Paragraph 9 (a), and upon payment of the second annual in-
669. stalment may take possession of the West Side power plant and
670. Island Plant and be entitled to use so much water under the
671. existing appropriations now owned by the Company and used in
672. connection with said plants, as may be necessary for the oper-
673. ation of said plants to their respective capacity, provided,
674. however, that the right of the United States to the use of
675. such water shall terminate absolutely upon the transfer of
676. the water rights to be conveyed by the Company under Para-
677. graph 9 (d) hereof, or upon the vesting of the water rights

678. mentioned in Paragraph 31 hereof upon the failure of the
679. United States to make certain payments, and provided fur-
680. ther, that the water used by the United States at said
681. plants shall not be deducted from the amount of water which
682. the Company is entitled to receive after the rights of the
683. Company become restricted to the amounts specified in Para-
684. graphs 10 and 19 hereof, and neither the consent of the
685. Company to the use of such water nor the use of such water
686. by the United States, shall operate to vest any title or
687. permanent right to the use of such water in the United States,
688. and the United States may take possession of all of the chan-
689. nel west of and including the Island plant and headrace, and
690. property described in 9 (b), but it is understood and agreed
691. that the company may retain the possession and use of all of the
692. other property and rights herein agreed to be conveyed or as-
693. signed to the United States until the completion of the pay-
694. ments herein provided for. The United States may pay any
695. instalments before due and thereupon shall be entitled to
696. take the property and receive the deeds provided to be taken
697. or delivered upon the payment of such instalment. It is
698. expressly understood that the first instalment to be paid
699. by the United States hereunder includes the claim of the com-
700. pany for reimbursement for all expenses of whatsoever kind
701. which it has incurred in connection with the consummation of
702. this contract, including surveys, investigations, examinations,
703. and opinions of experts, and for obtaining data and inform-

704. ation upon which to base this agreement.

28. Continued Use of Rights by Company until
Storage Capacity is Provided.

705. As against the United States the company shall be
706. entitled to continue the use of the water at American Falls
707. covered by the company's present appropriations and filings
708. (except such as the United States may become entitled to
709. use to operate the Island and West Side Plants under this
710. agreement) until such time as the 45,000 acre-feet of pri-
711. mary storage capacity herein granted to the company shall
712. have been first provided for the Company and until that time
713. the company shall be entitled to right of way over the lands
714. and rights conveyed to the United States by the company and
715. located in the bed of the river for the purpose of and to
716. the extent necessary for such continued use by the company
717. of said filings and appropriations in so far as such right of
718. way can be used by present structures and extensions without
719. increasing the hazard of flooding the construction work of
720. the United States. Nothing in this contract shall be con-
721. strued as giving the company a right to demand right of way
722. or flowage easement across any land unwatered for construc-
723. tion purposes by the United States except to the extent nec-
724. essary to pass the natural flow of the river.

29. Distribution System in American Falls.

725. The company shall not by anything herein contained be
726. deemed to have transferred any of its poles, lines, or
727. other property not described in Paragraph 9 located in

728. the present town of American Falls or connecting the dis-
729. tribution system in said town with its generating plants.
730. or to have released the United States from any damages to
731. said poles, lines, distributing system or such other prop-
732. erty on account of the relocation of said town made nec-
733. essary by the construction and operation of the proposed
734. reservoir.

30. Reservation in Deed of Reserved Rights.

735. It is the intent of this agreement that all power
736. rights at American Falls except those granted to the United
737. States herein shall be reserved to the company and that the
738. deeds and conveyances by the company to the United States
739. may contain a reservation in favor of the company of the
740. rights reserved to it under the provisions of this agreement.

31. Failure of Appropriation.

741. Where the payments of this contract extend beyond the
742. current fiscal year it is understood that the contract is
743. made contingent upon Congress making the necessary appro-
744. priations for expenditures thereunder after such current
745. year has expired. In case such appropriation as may be
746. necessary to carry out this contract is not made the com-
747. pany hereby releases the United States from all liability
748. due to the failure of Congress to make such appropriation.

749. Any instalment or portion thereof not paid when due
750. shall thereafter bear interest at the rate of 6% per annum
751. payable annually and should any instalment remain due and

752. unpaid for a period of fifteen years the Company shall

753. have the right to waive and surrender to the United States

754. such due and unpaid installments. The effect of such waiver

755. or surrender shall be to modify paragraph 24 hereof to the

756. following extent:

757. If only the first installment shall have been paid the

758. grant to the United States as therein provided to store

759. in American Falls reservoir all the storable water not

760. reserved to the Company or granted to it as against the

761. United States shall be limited to such storable water over

762. 2700 second-feet; if only the first two installments shall

763. have been paid, such grant shall be limited to the stor-

764. able water not reserved to Company or granted to it as

765. against the United States over 2200 second-feet; and if

766. the first three payments shall have been made, then over

767. and above 1700 second feet, such additional amounts of

768. water as listed above to be retained by Company in lieu

769. of cash which it would otherwise be entitled to. The

770. provisions of this paragraph shall not impair the right.

771. title or interest of the United States in any property

772. theretofore conveyed to it by the Company or otherwise

773. affect this agreement or the rights hereunder. Should

774. such waiver and surrender of unpaid installments be made

775. as herein provided and should the United States fail to

776. construct a reservoir of sufficient capacity to provide

777. the storage capacity herein agreed, granted or agreed to

778. be furnished to the company the United States shall not
779. be liable in damages for failure to provide such storage
780. capacity.

32. Company's Remedy for Failure to Receive Storage.

781. It is the understanding and intent of the parties
782. that the storage capacity rights herein granted to the
783. company shall be vested rights in it but that if by change
784. of Law, a court or commission decision or in any other way
785. than by errors or inaccuracies in delivery or release
786. of water from the reservoir the company shall be refused or
787. denied the right to and use of said capacity or any thereof,
788. the Company shall be entitled to recover the damages which
789. it may suffer, and to such other relief as a court of
790. competent jurisdiction may adjudge the Company entitled to
791. under the terms of this agreement and the situation of the
792. parties, but in case of any errors or inaccuracies in the
793. delivery or release of water the company shall have and
794. be limited to the same rights and redress as provided for
795. the Irrigation Companies and Districts in the contracts,
796. the form of which is attached hereto and marked Exhibit "C",
797. between the United States and the Irrigation Companies and
798. Districts cooperating with the United States in the con-
799. struction of the Reservoir.

33. Liens and Incumbrances.

800. Liens or incumbrances existing against said premises
801. and of which the company agrees to secure the release, may

802. at the option of the United States be removed at the time
803. of conveyance by reserving the amount necessary from the
804. purchase price and discharging the same with the money so
805. reserved, but this provision shall not be construed to au-
806. thorize the incurring of any lien or incumbrance as against
807. this agreement, nor as an assumption of the same by the
808. United States.

34. Effective when Signed By the Secretary.

809. This agreement shall become effective to bind the
810. United States to purchase said premises immediately upon its
811. approval or signature by the Secretary of the Interior,
812. provided, however, that it shall be of no further force
813. or effect unless signed by the Secretary of the Interior,
814. within ninety days after its execution by the Company and
815. authorization, ratification or approval by the board of di-
816. rectors of the company which shall be evidenced by a cer-
817. tified copy of the resolution filed with the Director of
818. the Reclamation Service.

35. Binding on Successors and Assigns.

819. This agreement shall inure to the benefit of and be
820. binding upon the successors and assigns of the company, and
821. also upon the successors and assigns of the United States.

36. No Waiver of Rights of Federal Power Commission or State.

822. The execution of this contract shall not be construed
823. as waiving any authority, jurisdiction or control which the
824. Federal Power Commission may have over the company or its

825. assigns at American Falls or elsewhere, and the approval
826. of this contract by W. G. Swendsen

827. of Idaho shall not be construed as waiving or abridging

828. any lawful jurisdiction, authority, or control which such

829. officer or the State of Idaho may have over the waters of

830. the state or the issuing of permits, certificates or li-

831. censes thereto.

37. Cooperation with reference to Water Rights.

832. In complying with the laws of Idaho relating to per-

833. fecting water filings made by either party at American Falls

834. both parties shall cooperate so that to the extent permitted

835. by statute and the administrative officers having jurisdiction,

836. the construction of works and use by either party shall ap-

837. ply to proof on the permit of the earliest priority of the

838. class on which such proof can be made. In the event the

839. company desires to transfer and change the points of

840. diversion and use, or any of them, of any of its appropria-

841. tions, rights or permits now held by it in connection with

842. the Island and West Side Power Plants, the Company as against

843. the United States shall have the right at any time after the

844. right of the United States to use the Company's water in con-

845. nection with said Island and West Side Plants' terminates as

846. provided in Paragraph 27 hereof, to transfer and change such

847. points of diversion and use from the Island and West Side

848. Plants to the East Side Plant, or any other plant or plants

849. constructed by the Company at American Falls, subject to the

850. provisions and limitations of this contract in respect to
851. the time of use and amount of water to which the Company may
852. be entitled; and the United States shall cooperate with the
853. company in making such transfer and change; and in the event
854. the United States desires to transfer and change the points
855. of diversion and use of the water rights or any part thereof
856. conveyed to the United States by the Company and to which it
857. may be entitled under the terms of this contract from the
858. present points of diversion and use to any plant or plants
859. owned by the United States at American Falls, the United
860. States shall have as against the Company the right to make
861. such transfer and change in such points of diversion and
862. use subject to the provisions and limitations of this con-
863. tract in respect to the time of use and amount of water to
864. which it may be entitled, and the Company shall cooperate
865. with the United States in securing such transfer and change.

38. Agency Clause.

866. The contractor expressly warrants that he has employed
867. no third person to solicit or obtain this contract in his
868. behalf, or to cause or procure the same to be obtained upon
869. compensation in any way contingent, in whole or in part upon
870. such procurement; and that he has not paid, or promised or
871. agreed to pay, to any third person, in consideration of such
872. procurement, or in compensation for services in connection
873. therewith, any brokerage, commission, or percentage upon the
874. amount receivable by him hereunder; and that he has not, in

875. estimating the contract price demanded by him, included
876. any sum by reason of any such brokerage, commission, or
877. percentage; and that all monies payable to him hereunder
878. are free from obligation to any other person for services
879. rendered, or supposed to have been rendered, in the pro-
880. curement of this contract. He further agrees that any
881. breach of this warrant shall constitute adequate cause
882. for the annulment of this contract by the United States,
883. and that the United States may retain to its own use from
884. any sums due or to become due thereunder an amount equal
885. to any brokerage, commission, or percentage so paid, or
886. agreed to be paid: (Provided, however, it is understood
887. that this covenant does not apply to the selling of goods
888. through a bona fide commercial representative employed by
889. the contractor in the regular course of his business in deal-
890. ing with customers other than the Government and whose
891. compensation is paid, in whole or in part, by commissions
892. on sales made, nor to the selling of goods through estab-
893. lished commercial or selling agents or agencies regularly
894. engaged in selling such goods.)

39. Member of Congress Clause.

895. No Member of or Delegate to Congress, or Resident
896. Commissioner, after his election or appointment or either
897. before or after he has qualified and during his continuance
898. in office, and no officer, agent, or employee of the Govern-
899. ment, shall be admitted to any share or part of this con-
900. tract or agreement, or to any benefit to arise thereupon.

901. Nothing, however, herein contained shall be construed to
902. extend to any incorporated company, where such contract
903. or agreement is made for the general benefit of such in-
904. corporation or company, as provided in Section 116 of the
905. Act of Congress approved March 4, 1909 (35 Stat., L. 1109).

IN WITNESS WHEREOF the parties have hereto signed their
names the day and year first above written. Said Company
acting in pursuance of a resolution of its Board of Di-
rectors duly adopted on October 13th, 1921.

UNITED STATES OF AMERICA

By (Sgd) Hubert Work
Secretary of the Interior

IDAHO POWER COMPANY

By (Sgd) F. F. Johnson
President

(Seal)

ATTEST:

(Sgd) Clarence T. Ward
Secy.

(Seal)

Approved except as to Exhibit "C"

(Sgd) W. G. Swendsen
Commissioner of Reclamation